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PROGRAMME BUDGET FOR THE BIENNIUM 1992-1993

UNITED NATIONS COMMON SYSTEM

UNITED NATIONS PENSION SYSTEM

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission (A/47/30)

Statement submitted by the Secretary-General in accordance with rule 153 of the rules of procedure of the General Assembly

INTRODUCTION

1. The eighteenth annual report of the International Civil Service Commission (ICSC) 1/ contains a number of decisions and recommendations that have financial implications for the biennium 1992-1993, related to the following issues (the reference paragraphs in the ICSC report are indicated in parentheses):

(a) Remuneration of the Professional and higher categories of staff: base/floor salary scale (para. 118);

(b) Methodology for the determination of dependency allowances for the Professional and higher categories (paras. 190-193);

(c) Comprehensive review of conditions of service of assistant secretaries-general, under-secretaries-general and equivalent levels (para. 207);

(d) Methodology to determine the level of the education grant and review of the level of the education grant (paras. 251-252).

2. There are no financial implications for either the regular budget or extrabudgetary sources of funding of the organizations members of the United Nations Joint Staff Pension Fund (UNJSPF) contained in the annual report of the United Nations Joint Staff Pension Board to the General Assembly. 2/

I. REMUNERATION OF THE PROFESSIONAL AND HIGHER CATEGORIES OF STAFF: BASE/FLOOR SALARY SCALE

3. In section IH of its resolution 44/198 of 21 December 1989, the General Assembly approved the recommendation of ICSC to establish a floor net salary level for staff in the Professional and higher categories, by reference to the corresponding base net salary levels of officials in comparable positions serving at the base city of the comparator civil service. This base/floor scale was part of an integrated package in which negative classes of post adjustment were eliminated: it is used also to calculate payments under the mobility and hardship scheme, as well as separation payments. 3/ The package of measures went into effect as of 1 July 1990.

4. On the occasion of the approval of the establishment of the floor net salary scale, by section IE of the same resolution, the General Assembly approved the introduction of a mobility and hardship allowance and an assignment grant. It requested ICSC to report, at the forty-seventh session, on the operation of those measures. The Assembly reiterated this request at its forty-fifth and forty-sixth sessions (resolutions 45/241 of 21 December 1990 and 46/191 of 20 December 1991). The Commission reviewed the mobility and hardship scheme at its thirty-sixth session. 4/ It decided to report to the General Assembly, inter alia, that pending further review in 1995, the existing parameters of the scheme should be maintained, including the linkage between the mobility and hardship allowance and the base/floor salary.

5. As was the case in 1990 and 1991, in view of salary increases in the comparator civil service, ICSC has recommended to the General Assembly that the current base/floor salary scale should be increased through the consolidation of classes of post adjustment. The increase would comprise 6.9 per cent and would be effective 1 March 1993. The financial implications of the recommendation for the United Nations common system as a whole are estimated at $3,564,000 for 1993. The costs to the United Nations regular budget for 1993 will be $1,040,900.

6. In addition, there will be an estimated increase of $8,811,600 for 1993 under section 36, Staff assessment, to be offset by an increase in an equal amount under income section 1.

II. METHODOLOGY FOR THE DETERMINATION OF DEPENDENCY ALLOWANCES FOR THE PROFESSIONAL AND HIGHER CATEGORIES

7. The General Assembly, by section IG of its resolution 44/198 of 21 December 1989, requested ICSC to reconsider the methodology for the determination of dependency allowances in the light of the tax practices of the comparator. These allowances comprise the children's allowance and the secondary dependant's allowance. The basis for the determination of the allowances is the relevant tax abatements and family allowances payable in the countries of the seven headquarters duty stations.

8. Having reviewed the feasibility of aligning United Nations common system practice with that of the comparator, ICSC concluded that the present methodology should be retained and so recommended to the Assembly. At the same time, under this methodology, the Commission was of the view that an increase was necessary in the level of dependency allowances in order to reflect changes in the value of tax abatements and social benefits in the seven headquarters locations since the last review in 1988. Specifically, ICSC recommends to the General Assembly that the current level of the children's allowance should be increased by 21 per cent and that of the secondary dependant's allowance by 50 per cent, both with effect from 1 January 1993. All other aspects of the allowances, such as eligibility criteria, should be maintained.

9. The financial implications of the recommendation for the United Nations common system are estimated by ICSC at $3.1 million a year. The costs to the United Nations regular budget for 1993 will be $1,165,100.

III. COMPREHENSIVE REVIEW OF CONDITIONS OF SERVICE OF ASSISTANT SECRETARIES-GENERAL, UNDER-SECRETARIES-GENERAL AND EQUIVALENT LEVELS

10. By section V of its resolution 45/241 of 21 December 1990, the General Assembly requested ICSC to reconsider, in a comprehensive manner, the remuneration of staff of organizations of the United Nations common system at the Assistant Secretary-General, Under-Secretary-General and equivalent levels. The Commission, in 1991, presented proposals on the establishment of equivalencies and associated net remuneration levels, revised housing arrangements and pensionable remuneration levels. 5/

11. In connection with these recommendations of ICSC, the Secretary-General, at the forty-sixth session of the General Assembly, (a) expressed his support for an increase in net remuneration at these levels of staff (but refrained from recommending a specific increase); (b) supported the proposal for revision of housing arrangements; and (c) submitted a report proposing to establish the representation allowance for assistant secretaries-general/ under-secretaries-general of the United Nations as a fixed percentage of net remuneration. 6/

12. In section VII of its resolution 46/191 of 20 December 1991, the General Assembly, after noting, inter alia, that proposals were being advanced for the restructuring of the Secretariat, decided to defer until its forty-seventh session a decision on the recommendations of ICSC regarding the conditions of service of assistant secretaries-general and under-secretaries-general.

13. In order to assist the Assembly in its consideration of this question at its forty-seventh session, ICSC resubmitted its previous recommendations on the conditions of service of assistant secretaries-general/ under-secretaries-general: the recommendations are repeated in a summarized form in the Commission's eighteenth annual report. 7/

Net remuneration

14. Having established working level equivalencies with the Executive Schedule of the comparator civil service, ICSC recommended an increase in net remuneration for staff at the assistant secretary-general/under-secretary-general levels in a range of 7 to 11 per cent to reflect improved conditions of service in the Executive Schedule. The Commission recommended that the specific level of increases should be determined by the Assembly in the light of such recommendations as the Secretary-General might wish to make, bearing in mind the desirability of establishing net remuneration ratios vis-à-vis the comparator civil service for those levels of staff that are in line with those prevailing for the P-1/D-2 categories of staff as a whole.

15. The Administrative Committee on Coordination (ACC), at its second regular session of 1991, recorded its concern that the remuneration levels for the assistant secretary-general/under-secretary-general categories in all United Nations agencies have significantly lagged behind those of equivalent positions in the comparator civil service. The officials in these categories occupy positions of great responsibility and authority which are of critical importance to the work of these organizations. Therefore, ACC fully supported the ICSC recommendation that consideration be given to increasing the remuneration levels of these officials by 7 to 11 per cent. ACC requested the Secretary-General, in his capacity as Chairman of ACC, to make such a recommendation to the General Assembly.

16. The Secretary-General notes the recommendation of ICSC that approximate working level equivalencies for the under-secretary-general level could be set at levels II and III of the Executive Schedule of the comparator civil service and for the assistant secretary-general level at levels III and IV of that schedule. The following net remuneration comparisons as of 1 September 1992 may be made, as a consequence, on a grade-by-grade basis and taking into account cost-of-living differences between Washington and New York:

Net remuneration comparisons as of 1 September 1992
on a grade-by-grade basis

United Nations/ United States grade	Net remuneration United Nations a/ $	Net remuneration United States b/ $	Ratio United Nations/ United States	Cost-of-living ratio New York/ Washington	Ratio United Nations/ United States adjusted for cost-of-living differences
Under-Secretary-General/ Executive Schedule II/III	117 890	95 716	123.2	110.5	111.5
Assistant Secretary-General/ Executive Schedule III/IV	108 132	89 521	120.8	110.5	109.3

a/ Base salary plus New York post adjustment (multiplier 45).

b/ Net of tax, dependency rate, in Washington.

17. The weighted average ratio between the level of net remuneration of United Nations officials at grades P-1 through D-2 and that of United States officials at equivalent grades in 1992 was 117.6. In order for the net remuneration ratios of assistant secretaries-general/under-secretaries-general to be brought in line with this indicator, the levels of remuneration of these officials would need to be increased by 7.6 per cent and 5.5 per cent, respectively.

18. These percentage increases reflect the approach developed by ICSC in 1991. It should be noted that, as a result of the restructuring undertaken by the Secretary-General of the United Nations and the reduction in the number of high-level posts in the United Nations Secretariat in 1992, the responsibilities and functions of the remaining assistant secretaries-general/ under-secretaries-general have increased noticeably. In view of this situation, the approximate working equivalencies set by the Commission in 1991 may need to be increased to the level of Executive Schedule II in the case of under-secretaries-general and to the level of Executive Schedule III for assistant secretaries-general. Under this scenario, the net remuneration comparison for assistant secretaries-general/under-secretaries-general as of 1 September 1992 would be as follows:

United Nations/ United States grade	Net remuneration United Nations a/ $	Net remuneration United States b/ $	Ratio United Nations/ United States	Cost-of-living ratio New York/ Washington	Ratio United Nations/ United States adjusted for cost-of-living differences
Under-Secretary-General/ Executive Schedule II	117 890	99 366	118.6	110.5	107.4
Assistant Secretary-General/ Executive Schedule III	108 132	92 065	117.5	110.5	106.3

a/ Base salary plus New York post adjustment (multiplier 45).

b/ Net of tax, dependency rate, in Washington.

19. In order for net remuneration ratios to be brought into line with the weighted average ratio for grades P-1 through D-2 (117.6), the levels of net remuneration of assistant secretaries-general/under-secretaries-general would need to be increased by 10.6 per cent and 9.5 per cent, respectively.

20. It is the view of the Secretary-General that, in the light of the measures taken to restructure the Secretariat of the United Nations, as well as the working level equivalents established by ICSC with the Executive Schedule of the comparator civil service, an increase of 9 per cent for under-secretaries-general and 7.5 per cent for assistant secretaries-general would be justified at this time.

Housing arrangements

21. In 1992, the Commission reiterated the recommendation it made in 1990 and 1991, that revised housing arrangements be established for staff at the assistant secretary-general/under-secretary-general and equivalent levels. Executive heads would be authorized to exercise discretion to approve the granting of special subsidy arrangements to staff at the assistant secretary-general/under-secretary-general and equivalent levels in cases where such officials needed to rent suitably sized and located accommodation. The current arrangements whereby a limit is placed on the maximum allowable rent for the purposes of calculating rental subsidies would be replaced by new

arrangements whereby eligible officials would receive a maximum rental subsidy amounting to 75 per cent of the threshold rent for the individual concerned. Examples of the operation of the proposed arrangements are given in annex VI to the seventeenth annual report of the Commission. 8/

22. ACC, at its second regular session of 1991, supported the ICSC recommendations concerning revised housing arrangements. It is the view of the Secretary-General that the Commission's recommendations on revised housing arrangements for assistant secretaries-general and under-secretaries-general remain valid and do not require further elaboration prior to a decision of the General Assembly. He fully supports the measure.

Pensions

23. With regard to pensions for staff at these levels, ICSC has recommended that the pensionable remuneration scale be adjusted commensurate with changes in remuneration, but that alternative pension arrangements should be deferred. ACC, at its second regular session of 1991, supported the recommendation of ICSC in this regard. The Secretary-General is of the view that, as in the case of revised housing arrangements, no further elaboration of this proposal is necessary: he fully supports the measure.

Representation allowances

24. The Commission was of the view that representation allowances would best be handled by executive heads under guidance from the governing bodies of their respective organizations. To this end, the Secretary-General submitted a report to the General Assembly at its forty-sixth session. A further report, which also reviews the matter of hospitality for official functions, has been submitted to the General Assembly. 9/

25. Taken together, an increase in net remuneration, revised housing arrangements and revised representation allowances represent a package of measures which would improve the conditions of service for the senior echelon of staff of the organizations of the United Nations system. The Secretary-General recalls that one of the rationales for the establishment of the Executive Schedule in the comparator civil service was identical, namely, more adequately to compensate the most senior managers beyond the parameters of the regular salary scale (in the case of the United States civil service, the General Schedule): it may be noted that the comparator maintains three salary schedules equivalent to or beyond the top of the General Schedule, the highest of which is the Executive Schedule. Approval of the proposed package would bring remuneration of the senior echelon of the United Nations in line with equivalent staff of the comparator.

26. The Secretary-General, in this context, emphasizes his conviction that it is unacceptable that some staff members should receive national subsidies to support their emoluments. He notes that ICSC has taken up the matter of supplementary payments on several occasions over the past decade, and most recently on the occasion of the comprehensive review of the conditions of

service of assistant secretaries-general and under-secretaries-general, in 1989. 10/ In 1990, the Commission pointed out that supplementary payments could be expected to be one undesirable effect of not adjusting assistant secretaries-general and under-secretaries-general levels of remuneration in line with equivalent levels of the comparator. Remuneration set at an inappropriate level could lead to a situation where, in the view of ICSC, the independence of the individuals involved would be fundamentally compromised. 11/ The Commission affirmed that the practice of supplementary payments or deductions was unnecessary, inappropriate and undesirable, and is inconsistent with the staff regulations of the organizations of the United Nations common system.

27. By section IX of resolution 45/241 of 21 December 1990, the General Assembly, noting the position of ICSC, inter alia, requested the Secretary-General of the United Nations and the executive heads of the other organizations of the common system to take such measures and make such proposals as they considered appropriate in order to end such practices.

28. The Secretary-General intends, in conjunction with the introduction of a revised remuneration package for staff at the assistant secretary-general and under-secretary-general level, to require such staff to reaffirm that they do not receive any supplement to or pay any deduction from their emoluments to their national authorities.

29. ICSC has presented no financial implications for this item for the United Nations common system. The United Nations estimates the cost under the expenditure sections of the regular budget for 1993 as follows:

	United States dollars
Increase in net remuneration	347 300
Increase in contributions to UNJSPF	67 200
Revised housing arrangements	204 000
Representation allowances	95 000
Staff assessment	196 100
Total	909 600

30. The net increase under the expenditure sections, however, would be $713,500 in as much as there would be under income section 1, income from staff assessment, an offsetting increase in the amount of $196,100.

IV. METHODOLOGY TO DETERMINE THE LEVEL OF THE EDUCATION GRANT AND REVIEW OF THE LEVEL OF THE EDUCATION GRANT

31. By section X of its resolution 45/241 of 21 December 1990, the General Assembly, noting the intention of ICSC to conduct a study of the process of setting education grant levels, approved changes to the maximum admissible levels of expenses incurred under the education grant in five currencies. This was the first occasion on which an adjustment in the level of the grant was made on a country-specific rather than a global basis. In 1991 and 1992, the Commission undertook a full study of the process for setting education grant levels in the context of such a differentiated system. At its thirty-fifth session, ICSC decided to approve a revised methodology for determining education grant levels. The methodology required analyses of both education-related expenditures of staff, and of movements in school fees. The methodology is described in annex VII of the report of the Commission. 12/

32. The Commission has recommended that, in five currency areas (guilder, markka, lire, pound sterling and United States dollar), the maximum amount of admissible expenses, the maximum grant and the ceiling for boarding costs should be increased as from the school year in progress on 1 January 1993. Also, for these currency areas, the special education grant for a disabled child should equal 100 per cent of the revised amounts of maximum admissible educational expenses for the regular education grant. The amount of additional reimbursement of boarding costs over and above the maximum grant payable to staff at designated duty stations should be maintained at the current level for all currency areas.

33. ICSC estimates that the system-wide financial implications of the recommended increases are approximately $1.6 million a year in respect of the increase in the maximum reimbursable level and $992,000 a year in respect of the increase in boarding costs. The financial implications for the regular budget of the United Nations are estimated at $704,400 for 1993, broken down as follows: (a) an amount of $395,000 relating to revised maximum admissible expenses; and (b) an amount of $309,400 relating to boarding costs.

V. SUMMARY

34. The additional costs for the regular budget of the United Nations for 1993 resulting from the decisions and recommendations of ICSC are summarized below:

	United States dollars
Remuneration of the Professional and higher categories: base/floor salary scale	
Mobility/hardship matrix	878 600
Separation scale	162 300
Methodology for the determination of dependency allowances for the Professional and higher categories	1 165 100
Comprehensive review of conditions of service of under-secretaries-general/ assistant secretaries-general and equivalent levels	
Increase in net remuneration	347 300
Increase in contribution to UNJSPF	67 200
Revised housing arrangements	204 000
Representation allowances	95 000
Methodology to determine the level of the education grant and review of the level of the education grant	
Revised maximum admissible expenses	395 000
Boarding costs	309 400
Total	3 623 900

35. Following past practice, it is intended to deal with the impact of the decisions and recommendations of ICSC as indicated in paragraph 34 above in the first programme budget performance report for the biennium 1992-1993. Should the Assembly adopt the recommendations of ICSC, there would be an increase of $12,631,600 under the expenditure sections. Of this amount, $9,007,700 would relate to section 36, Staff assessment. There would be a corresponding increase in the same amount under income section 1, Income from staff assessment. The net increase under the expenditure sections would therefore be $3,623,900.

Notes

1/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 30 (A/47/30).

2/ Ibid., Supplement No. 9 (A/47/9).

3/ Ibid., Forty-fourth Session, Supplement No. 30 (A/44/30), vol. II, paras. 118, 119, 316 and 453 (g).

4/ Ibid., Forty-seventh Session, Supplement No. 30 (A/47/30), paras. 253-283.

5/ Ibid., Forty-sixth Session, Supplement No. 30 (A/46/30), para. 173.

6/ A/C.5/46/32 and Corr.1.

7/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 30 (A/47/30), para. 207.

8/ Ibid., Forty-sixth Session, Supplement No. 30 (A/46/30), vol. I, annex VI.

9/ A/C.5/46/39.

10/ ICSC/32/R.13.

11/ ICSC/32/R.10, para. 21.

12/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 30 (A/47/30), annex VII.